

Message Text

PAGE 01 STATE 114912
ORIGIN ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 GSA-02 IO-13 PM-05 DODE-00 /113 R

DRAFTED BY ARA/AND/B - MR. TOYRYLA:LEE
APPROVED BY ARA/AND:MALCOLM R. BARNEBEY
EB - MR. LENEHAN

-----028435 051938Z /72

R 051731Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY LA PAZ

C O N F I D E N T I A L STATE 114912

E.O. 11652: GDS

TAGS: EFIN, PINT, BL

SUBJECT: AMBASSADOR ITURRALDE'S CALL ON ASSISTANT SECRETARY
TODMAN

1. BOLIVIAN AMBASSADOR ITURRALDE CALLED ON ASSISTANT
SECRETARY TODMAN AFTERNOON OF APRIL 27. HE WAS ACCOMPANIED
BY NEW MINISTER COUNSELOR ARMANDO URIOSTE AND COMMERCIAL
ATTACHE RENE RIOS. ITURRALDE RAISED FEE RELIEF ON
SINGLE SHIPMENT OF SUGAR, PL 480 TITLE III, GENERAL
BOLIVIAN ECONOMIC SITUATION, AND GSA TIN SALES.

2. ON SUGAR, ITURRALDE REVIEWED THE CASE OF A BOLIVIAN
SHIPMENT FOR WHICH A CONTRACT HAD BEEN SIGNED BEFORE
THE IMPOSITION OF THE SPECIAL IMPORT FEE LATE LAST
YEAR. THE AMBASSADOR EXPLAINED THAT TRANSPORTATION
DIFFICULTIES MADE ARRIVAL OF SHIPMENT IMPOSSIBLE UNTIL
FEBRUARY. AS A RESULT, THE IMPORT FEE WAS APPLIED.

CONFIDENTIAL
CONFIDENTIAL

PAGE 02 STATE 114912

ITURRALDE ASKED THAT FEE BE WAIVED. HE POINTED OUT
THAT MALAWI HAD SIMILAR TRANSPORTATION DIFFICULTIES AND
OBTAINED A WAIVER. BUT MORE IMPORTANT, HE SAID, WAS
THE FACT THAT BOLIVIAN SUGAR IS COVERED BY GSP, WHICH
PROMPTED CONTRACT LANGUAGE MAKING BOLIVIA RESPONSIBLE
FOR ANY UNFORESEEN IMPORT FEE LEVIES. ITURRALDE HELD

THAT THE FEE PAYMENT BY BOLIVIA IS CONTRARY TO THE
GENERAL INTENT OF THE FEE AND SUBVERTS THE INTENT OF

GSP BENEFITS FOR BOLIVIA. ITURRALDE HANDED OVER A DIPLOMATIC NOTE WHICH DETAILS THE ARGUMENTS FOR A RETROACTIVE FEE WAIVER ON THIS SUGAR SHIPMENT. ASSISTANT SECRETARY TODMAN ASSURED THE AMBASSADOR DEPARTMENT WOULD LOOK INTO THE MATTER.

3. ITURRALDE SAID THAT HE WAS SATISFIED THAT THE APPROVAL PROCESS FOR PL 480 TITLE III WAS MOVING ALONG WELL AND THAT PROBLEMS SEEN BY CERTAIN USG AGENCIES WERE BEING IRONED OUT. HOWEVER, HE VOICED CONCERN OVER THE EVENTUAL ARRIVAL DATES OF THE FIRST WHEAT SHIPMENTS, NOTING THAT BOLIVIA NEEDED SUCH SHIPMENTS BY EARLY JULY. ASSISTANT SECRETARY TODMAN SAID HE UNDERSTOOD THE PROBLEM AND WOULD INTERVENE PERSONALLY, IF NECESSARY, TO ENSURE TIMELY DELIVERIES OF WHEAT UNDER TITLE III.

4. TURNING TO THE GENERAL BOLIVIAN ECONOMIC SCENE, ITURRALDE SAID THAT HE RECENTLY HAD MET WITH VARIOUS GOB MINISTERS TO ANALYZE THE NEAR FUTURE. HE SAID THE CONCLUSIONS REACHED WERE: EXPORTS FOR 1978 WOULD REMAIN AT 1977 LEVELS, BUT IMPORTS WOULD INCREASE BY 15, RESULTING IN A LARGE DEFICIT; THERE IS A GREAT FEAR OF INFLATION; THERE IS A POSSIBILITY OF REDUCED TIN PRODUCTION AS A RESULT OF SLOWDOWNS BY THE UNIONS;
CONFIDENTIAL
CONFIDENTIAL

PAGE 03 STATE 114912

AND THE BASIC PROBLEM IS A MONETARY ONE. ITURRALDE ALLOWED THAT INCREASING DOMESTIC PRICES OF PETROLEUM IS FREQUENTLY SUGGESTED AS ONE MEANS OF AMELIORATING PROBLEMS BUT IT IS POLITICALLY INFEASIBLE NOW; IF IT WERE DONE BEFORE ELECTIONS THE MODERATE CANDIDATE WOULD RUN INTO PROBLEMS AND IF PRICES WERE RAISED SOON AFTER INAUGURATION, THE NEW PRESIDENT WOULD HAVE DIFFICULTIES WITH CONGRESS. ASSISTANT SECRETARY TODMAN ASKED WHY THE OUTGOING PRESIDENT COULD NOT RAISE PETROLEUM PRICES AFTER ELECTIONS AND BEFORE THE INAUGURATION. ITURRALDE RESPONDED THAT LEFTIST GROUPS WOULD CAUSE SERIOUS PROBLEMS AT A DELICATE TIME.

5. ITURRALDE SAID THAT AMBASSADOR BOEKER HINTED THAT THE AID BUDGET OR THE PL 480 PROJECT MIGHT BE SUBSTANTIALLY INCREASED, BUT THESE PROGRAMS DIRECTED FUNDS TO SPECIFIC AREAS ALLOWING NO FLEXIBILITY. BOLIVIA NOW NEEDS BUDGET SUPPORT. HE ASKED IF ANYTHING COULD BE DONE. ASSISTANT SECRETARY TODMAN SAID THAT THE AMBASSADOR'S UNDERSTANDING OF THE AID AND PL 480 PROGRAMS WAS CORRECT AND THAT THERE WERE FEW OPTIONS BEYOND THESE. ITURRALDE OFFERED THE SUGGESTION THAT ADDITIONAL AID OR PL 480

FUNDS BE USED TO COVER BOLIVIAN COUNTERPART FUNDS REQUIREMENTS FOR SPECIFIC DEVELOPMENT PROJECTS.

ASSISTANT SECRETARY TODMAN RESPONDED THAT THIS WOULD BE EXTREMELY DIFFICULT AND AGAIN MENTIONED A DOMESTIC PETROLEUM PRICE RISE AS A VIABLE ALTERNATIVE. ITURRALDE REJOINED THAT, NO MATTER HOW IT IS CARRIED OUT, A RISE IN PETROLEUM PRICES WOULD AUTOMATICALLY RESULT IN INCREASED TRANSPORT FEES AND UPWARD PRESSURE ON ALL GOODS AND SERVICES, THUS DILUTING THE EFFECT OF A PETROLEUM PRICE INCREASE.

6. ITURRALDE THEN RAISED THE ISSUE OF TIN, SAYING THAT THE EVENTUAL SALES OF GSA STOCKS WILL LOWER TIN PRICES
CONFIDENTIAL
CONFIDENTIAL

PAGE 04 STATE 114912

AND HURT BOLIVIA. HE SAID THAT A PUBLIC STATEMENT BY THE US DEPARTMENT OF STATE TO THE EFFECT THE US IS NOT PLANNING GSA SALES IN 1978 WOULD BE HELPFUL AT THIS POINT. HE ADDED THAT EARLIER THIS YEAR HE WAS ABLE TO CONVINCE HIS GOVERNMENT THAT EVENTUAL GSA TIN SALES WOULD PROBABLY BE CARRIED OUT IN A REGULATED MANNER, BUT THE UDALL-DECONCINI BILL HAS MADE IT DIFFICULT TO SELL THAT LINE NOW. ASSISTANT SECRETARY TODMAN THOUGHT IT UNFORTUNATE THAT THE GOB COULD NOT BELIEVE THAT SALES WOULD BE ACCOMPLISHED IN A REASONABLE MANNER. HE POINTED OUT THAT THE US HAS AGREED TO CONSULT WITH THE GOB ON DETAILS OF THE SALES. AS TO ANY PUBLIC STATEMENT, THE ASSISTANT SECRETARY SAID THAT SUCH AN ACT GOES BEYOND WHAT WE CAN DO. WE DO NOT YET KNOW THE FINAL FORM OF THE BILL AND THERE ARE DOMESTIC PRESSURES WHICH MUST BE TAKEN INTO CONSIDERATION. HE ADDED THAT IT IS ENCOURAGING TO NOTE THAT TIN PRICES HAVE NOT FALLEN FAR AND THAT THE TIN DISPOSAL LEGISLATION IS MOVING SLOWLY, THUS EXTENDING THE TIME BEFORE SALES TAKE PLACE.

7. ITURRALDE COMPLAINED THAT THE USG HAS NOT YET SAID IF REGULATED MONTHLY SALES OF GSA TIN WOULD BE ACCEPTABLE. HE POINTED OUT THAT THE US USES THIS APPROACH TO IMF GOLD SALES. ASSISTANT SECRETARY TODMAN REPLIED THAT AS A CONCEPT IT SOUNDED REASONABLE, BUT THE IDEA SHOULD BE DISCUSSED DURING BILATERAL CONSULTATIONS. LENEHAN, EB/ISM, CAUTIONED THAT THE EXECUTIVE BRANCH MUST TAKE EXTREME CARE IN THIS ISSUE BECAUSE MORE THAN TIN WAS INVOLVED IN THE VARIOUS BILLS ON GSA DISPOSALS AND ACQUISITIONS, AND THAT CONGRESS IS SENSITIVE ABOUT ITS PREROGATIVES. LENEHAN SAID THAT THE DEPARTMENT HAS ADVISED CONGRESS AS TO HOW MUCH TIN CAN BE ABSORBED BY THE MARKET BUT THE TOTAL AMOUNT TO BE SOLD IS UP TO
CONFIDENTIAL
CONFIDENTIAL

PAGE 05 STATE 114912

CONGRESS. HOWEVER, THE ADMINISTRATION CAN LATER DETERMINE THE METHOD OF DISPOSAL. ITURRALDE VOICED

CONCERN THAT CONGRESS WOULD SET A TIME LIMIT ON SALES AS IN THE UDALL-DECONCINI BILL. LENEHAN REPLIED THAT IN THE 40 YEAR HISTORY OF DISPOSALS CONGRESS HAS NEVER DICTATED A TIME LIMIT. ASSISTANT SECRETARY TODMAN ALSO REMINDED ITURRALDE THAT MUCH WILL OCCUR IN THE LEGISLATIVE PROCESS BEFORE THE FINAL BILL IS PASSED AND THAT HE SHOULD NOT BE TOO ALARMED AT EARLY PROPOSALS.

8. ITURRALDE SAID THAT BOLIVIA STOOD TO LOSE \$50 TO \$60 MILLION THIS YEAR AS A RESULT OF FALLING TIN PRICES. ASSISTANT SECRETARY TODMAN SAID HE KNEW THE AMBASSADOR DID NOT BELIEVE THE US SHOULD FILL THE GAP WITH ECONOMIC AID. ITURRALDE AGREED BUT SAID BOLIVIA WOULD STILL REQUIRE LOANS TO COVER WEAK PERIODS AND ASKED IF SUCH LOANS COULD BE OBTAINED THROUGH THE USG. ASSISTANT SECRETARY TODMAN SAID THAT POSSIBILITIES COULD BE SOUGHT OUT AND EXPLORED. AS A FINAL NOTE, ITURRALDE MENTIONED THAT THE GOB WANTS TO INCREASE TIN PRODUCTION AND DEVELOP RESERVES AND THAT HE WOULD BE IN TOUCH WITH DEPARTMENT REPRESENTATIVES ON THESE MATTERS. CHRISTOPHER

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 sep 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AMBASSADORS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE114912
Document Source: ADS
Document Unique ID: 00
Drafter: ARA/AND/B - MR. TOYRYLA:LEE
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Expiration:
Film Number: D780192-0992
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197805112/baaaeyox.tel
Line Count: 190
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: bd773895-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2539608
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR ITURRALDE'S CALL ON ASSISTANT SECRETARY TODMAN
TAGS: EFIN, PINT, EAID, ETRD, BL, US, (TODMAN, TERENCE A)
To: LA PAZ
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bd773895-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014